



RADFORD UNIVERSITY

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2021

Auditor of Public Accounts
Staci A. Henshaw, CPA

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AUDIT SUMMARY

We have audited the basic financial statements of Radford University (University) as of and for the year ended June 30, 2021, and issued our report thereon, dated June 6, 2022. Our report, included in the University's Annual Report, is available at the Auditor of Public Accounts' website at www.apa.virginia.gov and at the University's website at www.radford.edu. Our audit found:

- the financial statements are presented fairly, in all material respects;
- internal control findings requiring management's attention; however, we do not consider them to be material weaknesses; and
- instances of noncompliance or other matters required to be reported under Government Auditing Standards.

Our audit also included testing over the major federal program of the Student Financial Assistance Programs Cluster for the Commonwealth's Single Audit as described in the U.S. Office of Management and Budget Compliance Supplement; and found internal control deficiencies requiring management's attention and instances of noncompliance in relation to this testing.

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STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Improve Compliance over Enrollment Reporting

Type: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: Yes (first issued in fiscal year 2018)

Prior Title: Improve Enrollment Reporting Process

The University did not properly report accurate student status change data to the U.S. Department of Education (ED) using the National Student Loan Data System (NSLDS) in accordance with 34 CFR 685.309, Dear Colleague Letter GEN-12-06, and the NSLDS Enrollment Guide, for students that had withdrawn, graduated, or changed enrollment levels.

We relied on fieldwork performed by the University's Office of Audit and Advisory Services related to unofficial withdrawals and other status changes, which included graduates for fall 2020. A review of 40 selected students noted the following deficiencies:

- an inaccurate effective date for one student withdrawal out of eight (13%);
- inaccurate effective dates for the program level field for five students (13%); and
- differences in enrollment statuses between the student information system and NSLDS for three students (8%)

Not properly and accurately reporting a student's enrollment status may interfere with establishing a student's loan status, deferment privileges, and grace periods. In addition, the accuracy of the data reported by each institution is vital to ensuring that federal Direct Loan records and other federal student records remain updated. The underlying cause of the errors related to keying errors and transitioning processes as a result of the merger between Jefferson College of Health Sciences and the University.

The University should evaluate its current enrollment reporting procedures. University management should implement corrective measures to prevent future noncompliance. Where applicable, management should also consider implementing a quality control review process to monitor the accuracy of campus and program-level batch submissions.

INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS

Improve Timeliness of Information System Access Removal

Type: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: No

The University did not remove access to information systems in a timely manner in certain instances once employees no longer required the access. Untimely removal of access to information systems unnecessarily exposes the University to risks of improper activity from former and existing employees. Furthermore, untimely removal of access increases risk to the confidentiality and integrity of the University's information systems data.

Users with Critical Access

In October 2020, the system owner of the University's accounting and financial reporting system authorized access for ten users from Information Technology Services (ITS) to a form which allows them to make changes to employees' direct deposit information as part of a project to migrate from the Commonwealth's payroll system to the University's new payroll system. The University completed migration and implementation of the payroll system in July 2021; however, the University did not remove access for the ten ITS users until March 2022. The University's payroll system implementation was a one-time project requiring temporary access for an indeterminate period. As a result of the infrequency of large-scale system implementations, the University did not remove access upon completion. The data owner also did not identify the issue during the annual access certification because the University inadvertently excluded the access levels in question from the listings provided for review.

The University's Information Technology Security Standard (University Standard), Section 5.2, requires ITS to be notified when system users' access level requirements change. The University Standard also requires for system owners to review all user accounts with elevated access privileges annually.

The University should re-evaluate its procedures for monitoring temporary access to information systems to ensure timely removal of access when employees no longer need access. The University should re-evaluate the annual access certification process to ensure it provides complete listings to system owners for review.

Terminated Employees

The University did not promptly remove systems access for two out of a sample of 25 separated employees (8%). The two identified employees retained access between 31 and 44 days after separation from the University. Despite the efforts of Human Resources to enhance how it educates departments on separation procedures in May 2021, the departments did not properly generate a timely Electronic Personnel Action Form (EPAF) in two instances. The University's Employee Separation Procedures require departments to submit an EPAF before an employee's final day to initiate required separation procedures,

including removal of access to critical information systems. The University should continue its efforts to educate and hold departments accountable to following its employee separation policies.

Conduct Information Technology Security Audits on Sensitive Systems

Type: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: No

The University is not performing timely information technology (IT) security audits on its sensitive IT systems in accordance with the University Standard and the International Organization for Standardization and the International Electrotechnical Commission Standard, ISO/IEC 27002 (ISO Standard). The University does not conduct a regular comprehensive IT security audit for each of its sensitive systems to assess whether IT security controls implemented to mitigate risks are adequate and effective.

The University Standard, Section 2.7, requires that IT systems classified as sensitive shall undergo an IT security audit and the University shall assign an individual to be responsible for managing IT security audits. The ISO Standard, Section 18.2.1, requires that the University review information security and its implementation at planned intervals or when significant changes occur. Section 12.7.1 also requires audit requirements and activities involving verification of operational systems should be carefully planned and agreed to minimize disruptions to business processes.

Without conducting full IT security audits that cover all applicable control requirements for each sensitive system, the University increases the risk that IT staff will not detect and mitigate existing weaknesses in sensitive systems. Undetected vulnerabilities increase risk to the confidentiality and availability of the University's mission critical data.

Turnover and a hiring freeze during the COVID-19 pandemic contributed to the University's Office of Audit and Advisory Services delay in recruiting an IT auditor qualified to perform technical audits of sensitive systems. Additionally, the University Standard does not specify that the IT security audit required for each sensitive system should be conducted within a certain interval of time, which led to the oversight.

The University should review and revise the University Standard to require an IT security audit over each sensitive system within a certain interval of time. The University should subsequently revise the audit plan to include an audit of each sensitive system within the timeframe specified in the University Standard and then complete the planned audits. Compliance with the University Standard and the ISO Standard will help to ensure the confidentiality, integrity, and availability of sensitive and mission-critical data.

Promptly Return Unclaimed Aid to the Department of Education

Type: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: No

The University did not promptly return unclaimed student financial aid funds to ED within the required timeframe. In accordance with 34 CFR 668.164(l), if an institution attempts to disburse funds by check and the recipient does not cash the check, the institution must return the funds no later than 240 days after the date it issued that check or no later than 45 days after a rejected electronic funds transfer (EFT). Not returning funds timely can result in federal noncompliance and subject the institution to potential adverse actions affecting the institution's participation in Title IV aid programs.

The University did not return \$2,853 in unclaimed aid timely for aid year 2021. At the time we completed our audit, and after reviewing the full population of 47 students with aid outstanding, the University had not yet returned \$374 to ED. Escheatment of the funds to the Commonwealth of Virginia rather than returning the funds to ED was the primary cause of the delay in returning the funds.

The University should evaluate current policies and procedures for returning unclaimed student financial aid funds timely and implement corrective action to prevent future noncompliance. If the University is unable to successfully contact the federal aid recipient and the check remains uncashed or the EFT is rejected, the University should return the unclaimed funds to ED within the required timeframe.



Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

June 6, 2022

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Visitors
Radford University

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER

FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of **Radford University** as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated June 6, 2022. Our report includes a reference to other auditors. We did not consider internal controls over financial reporting or test compliance with certain provisions of laws, regulations, contracts, and grant agreements for the financial statements of the component unit of the University, which were audited by another auditor in accordance with auditing standards generally accepted in the United States of America, but not in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control entitled "Improve Compliance over Enrollment Reporting," "Improve Timeliness of Information System Access Removal," "Conduct Information Technology Security Audits on Sensitive Systems," and "Promptly Return Unclaimed Aid to the Department of Education" which are described in the sections titled "Status of Prior Year Findings and Recommendations" and "Internal Control and Compliance Findings and Recommendations," that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the sections titled "Status of Prior Year Findings and Recommendations" and "Internal Control and Compliance Findings and Recommendations" in the findings entitled "Improve Compliance over Enrollment Reporting," "Improve Timeliness of Information System Access Removal," "Conduct Information Technology Security Audits on Sensitive Systems," and "Promptly Return Unclaimed Aid to the Department of Education."

The University's Response to Findings

We discussed this report with management at an exit conference held on April 25, 2022. The University's response to the findings identified in our audit is described in the accompanying section titled "University Response." The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Status of Prior Findings

The University has not taken adequate corrective action with respect to the previously reported finding, “Improve Enrollment Reporting Process.” The University has taken adequate corrective action with respect to the audit finding, “Improve Operating System Security,” reported in the prior year.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

ZLB/vks



June 7, 2022

The Auditor of Public Accounts
P.O. Box 1295
Richmond, VA 23218

Dear Ms. Henshaw:

We have reviewed the audit findings and recommendations for the year ended June 30, 2021 that were discussed during the financial statement audit exit conference.

Radford University acknowledges and concurs with the audit findings. The following contains management's response to each finding.

Improve Enrollment Reporting Process

The Office of Financial Aid and the Office of the Registrar and Information Technology Services (ITS) have worked collaboratively to update the processes utilized to provide information to the National Student Clearinghouse (NSCH) and ultimately National Student Loan Data System (NSLDS). A review of all financial aid desktop procedures where enrollment changes are made has been completed and revised procedures continue to be implemented to improve the accuracy of enrollment data being provided to NSLDS and NSCH. Additional internal monitoring controls are being implemented to review and confirm the accuracy of data that is submitted to NSLDS. All necessary corrective action improvements will be finalized by September 30, 2022.

Improve Timeliness of Information System Access Removal

ITS promptly initiated a thorough review of processes to add and remove temporary access to systems. This review will result in updated internal procedures to ensure temporary access is granted, leveraging the principle of least privilege, and that access is removed in a timely manner. This review is expected to be completed by September 2022. ITS will also review and add additional controls to validate the listing provided to data and system owners in the annual access certification process. This will ensure that the listings provided are comprehensive of all applicable forms. This will be completed to be fully utilized for the November 2022 certification.

Additionally, the Department of Human Resources (HR) will continue to focus on providing adequate training and reminders for supervisors that reinforce the need for timely completion of the Separation Electronic Personnel Action Forms (EPAFs). HR will also monitor Separation EPAF submissions and require supervisors to provide documentation when late Separation EPAFs are received and elevate to senior management when trends are identified. All necessary corrective action improvements will be finalized and validated by October 2022.

Conduct Information Technology Security Audits on Sensitive Systems

ITS is dedicated to maintaining a strong information security program and recognizes that regular IT audits are an integral component of that program. Accordingly, after multiple attempts to fill the IT auditor position were unsuccessful, in Fall 2021, the University began the process of contracting out for IT audit services and two audits have already been outsourced. One audit has been finalized and the other audit will be finalized by June 30, 2022. Additionally, ITS in conjunction with Office of Audit and Advisory Services will review sensitive systems and evaluate the methodology for obtaining audit coverage and update the University's Information Technology Security Standard 5003s-01 as needed by August 31, 2022.

Promptly Return Unclaimed Aid to the Department of Education

The Office of Financial Aid and the Department of General Accounting are conducting a comprehensive review of current procedures for the timely return of funds. All necessary corrective action improvements will be finalized and validated by December 31, 2022.

We would like to thank you and your staff for the valuable services that you provide.

Sincerely,



Craig Cornell
Vice President for Enrollment Management



Stephanie J. Jennelle
Interim Vice President for Finance & Administration and Chief Financial Officer

RADFORD UNIVERSITY

As of June 30, 2021

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